

Hungary

Capital: Budapest
Population: 10,041,000 (2008 estimate)
GDP:* \$198.7 billion (2008 estimate)
Currency: Forint
Language: Hungarian



Summary

The market for automobiles in Hungary has been on a robust expansion since the mid-1990s, helped by the rise of personal disposal income and the easing of available credit. However, new car sales fell roughly 3.8 percent between 2004-2007 due to an influx of used cars imported tariff-free from other EU countries following Hungary's EU accession. Despite this, growth opportunity for Hungary appears strong as car ownership rates catch up with those of Western Europe in the coming years. The average vehicle age in Hungary is 11.2 years; many of these vehicles will need to be replaced. Demand for less expensive, small compact cars (engine sizes of 1,200-1,600 cubic cm) looks promising, as these are Hungary's biggest sellers.

Main Competitors

Hungary is home to a large automotive components industry, as well as some assembly plants. Suzuki, with a manufacturing facility in Esztergom, is the market leader with 21 percent. But U.S. automakers are also faring well. GM's Opel and Chevrolet brands comprise over 18 percent of the market, while Ford has a 14 percent market share in the passenger car market but Ford is a market leader brand in Hungary for light commercial vehicles under 3.5 tons. High-end, niche models, such as Cadillac, Corvette, and Hummer, sell marginally, but capture high visibility and profit margins.

Current Demand

U.S. automotive brands enjoy strong image and demand in Hungary. But a faster growing market is that of automotive after-market products that improve a car's appearance, comfort, output and security. Some Hungarian consumers prefer American-style accessories like chrome wheels, seat covers, spoilers, and racks. In addition, with car theft still being a major problem in Hungary, alarm systems and security devices are big sellers. Products like specialty metal, engine parts, AC systems, automotive-related chemicals, exhaust and ignition systems and diagnostic products can also fill a niche in the Hungarian market.

Practically all the major international oil and gas manufacturers - such as Agip, Aral, Avanti, ÖMV, BP, Esso, Mobil, Shell, Total - own and control filling stations in Hungary selling their own oils and lubricating products. Engine oil is the largest segment in the Hungarian automotive lubricants market accounting for roughly 40 percent market share and playing an important role in deciding the market share of manufacturers. Implementation of pollution control norms is also one of the key drivers of the engine oil segment.



The gear and hydraulic oil is the next largest segment in the Hungarian lubricants markets. The market for gear oils is growing rapidly and has a high potential due to the increasing number of vehicles on the road. New generation vehicles with advanced gear system technologies and automatic transmission systems require special type of lubrication resulting in greater demand for multi axel gear oil, Dexron I-II-III and API GL-4 and GL-5 semi-synthetic and synthetic gear oil.

All these types of oils are used not only in the automotive but also in the machining, metalworking manufacturing operations and foundries. The key market players in Hungary that apply huge quantity of these products during their three-shift continuous operation are Delphi-Calsonic, ZF Hungaria, General Electric units in Veresegyhaza, PCC-AFT, Gibbs Die-Casting, Le Bellier foundry etc.

Current Demand (continued)

The tuning mania started in Hungary about 6-7 years ago. At that time, hi-sound systems were extremely popular. This popularity has slowly shifted built-in playstations, DVD players, multimedia turbo and chip tuning and all kinds of optical tuning products especially body elements such as spoilers, alloys, etc.

New cars are often tuned up with extras such as digital air conditioning, hi-systems, reversing radar, ABS, ESP, board computers, etc. These features can be ordered as options and are usually installed at an extra but pay back well in the long run.



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Performance and tuning parts make up a growing but still relatively small part of total aftermarket sales. It needs to be emphasized that there are no official figures available, but market experts estimate a market size of between USD 20-21 million, with a yearly growth of a respectable two to three percent.

Trade Events

Automobil 2008

May 14-18, 2008

Venue: Hungexpo Fair Site

Type: Targets the automotive and tuning industry

URL: <http://www.automobil.hungexpo.hu>

Available Market Research

Diesel Parts and Services in Hungary (Nov 2007)

Tuning Products in Hungary (Jul 2006)

Automotive Oil and Lubricants Market in Hungary (2006)

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